

## Message Text

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ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 SS-15 NSC-05 CIAE-00 INR-07

NSAE-00 MC-02 AID-05 EB-07 COME-00 H-02 ACDA-05

TRSE-00 OMB-01 L-03 /063 W

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P 182052Z FEB 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 6107

SECDEF WASHDC PRIORITY

INFO JCS WASHDC

CSA WASHDC

CNO WASHDC

CSAF WASHDC

CMC WASHDC

USCINCSO QUARRY HTS CZ

C O N F I D E N T I A L SANTO DOMINGO 0791

E.O. 11652: GDS

TAGS: MASS

SUBJECT: FY 1977 MILITARY SECURITY ASSISTANCE

REF: STATE 036160

1. FOLLOWING ARE REPLIES TO QUESTIONS IN PARAS 4 AND 5 REFTTEL:

2. RE: PARA 4 REFTTEL: AS PER PARA 2 REFTTEL, THERE IS NO GRANT MATERIAL AND SERVICES COMPONENT FOR D.R. IN FY 77 CPD.

3. IN REPLY QUESTIONS PARA 5 REFTTEL:

A. YES

B. ONE HELICOPTER, UH-1H AND AUXILIARY PACKAGE.

C. YES

D. THERE MAY BE OTHER MILITARY JUSTIFICATION FOR CREDIT IF GODR IS REQUIRED TO PURCHASE NAVAL VESSELS NOW ON LEASE FROM U.S. GOVERNMENT.

E. FY GRANT TRAINING PROGRAM WILL INCLUDE UH-1H-RELATED TECHNICAL TRAINING IN THE CANAL ZONE, IN ADDITION TO OTHER

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AIR FORCE, ARMY, AND NAVY TRAINING.

F. AS NOTED IN THE CASP, IT IS IN THE U.S. INTEREST FOR THE COUNTRY TO MAINTAIN STABILITY. FOR THAT REASON, THE U.S. IS SUPPORTING DOMINICAN EFFORTS TO STRENGTHEN ITS COUNTER-INSURGENCY CAPABILITY. THE HELICOPTER FOR WHICH THE CREDIT IS PROPOSED WILL MEET A CURRENT CRITICAL DEFICIENCY BY PROVIDING NEEDED MOBILITY OF MILITARY FORCES.

G. NO.

H. A COUNTRY WITH A LONG HISTORY OF BALANCE-OF-PAYMENTS DIFFICULTIES, THE DOMINICAN REPUBLIC IS EXPECTED TO CONTINUE IN THE SHORT TERM TO EXPERIENCE FOREIGN EXCHANGE SHORTAGES. THE HOST COUNTRY'S ARMED FORCES ALSO LACK READY CASH. SUGAR, WHICH GENERATES APPROXIMATELY ONE-HALF OF THE COUNTRY'S FOREIGN EXCHANGE EARNINGS, HAS FALLEN IN PRICE ON THE WORLD MARKET FROM 65 CENTS PER POUND IN NOVEMBER 74 TO THE CURRENT 13 CENTS PER POUND AND MAY GO EVEN LOWER. MEANWHILE, THE U.S. SUGAR LEGISLATION WHICH IN THE PAST GENERALLY ASSURED THE D.R. A SUGAR PRICE ABOVE WORLD PRICES HAS LAPSED. DOMESTIC AND INTERNATIONAL INFLATION IN 1974 CONTRIBUTED TO A 59.5 PERCENT DOLLAR INCREASE IN DOMINICAN IMPORTS. THE COUNTRY'S IMPORT COSTS ARE BEING FURTHER AGGRAVATED BY THE LATEST INCREASE IN WORLD PETROLEUM PRICES OF 10 PERCENT. (THE D.R. MUST IMPORT ALL ITS PETROLEUM.)

I. PROPOSED CREDIT WILL, OF COURSE, IMPOSE AN ADDITIONAL FUTURE BURDEN ON HC BUDGETARY AND FOREIGN EXCHANGE RESOURCES, BUT WE DO NOT BELIEVE THIS WILL CONSTITUTE AN EXCESSIVE BURDEN, IN VIEW OF THE COUNTRY'S EXPANDING ECONOMY AND INCREASED INFLOW OF FOREIGN EXCHANGE EXPECTED AS PLANNED TOURISM DEVELOPMENT TAKES PLACE OVER THE NEXT SEVERAL YEARS. HOWEVER, TO MITIGATE THE PRESSURES ON RESOURCES THAT MIGHT OTHERWISE BE APPLIED TO ECONOMIC DEVELOPMENT, IT WOULD BE DESIRABLE TO EXTEND THE REPAYMENT PERIOD TO THE EXTENT POSSIBLE.

J. (1) GODR IS NOT MAKING ANY KNOWN PURCHASES OF MAJOR MILITARY EQUIPMENT FROM ANY THIRD COUNTRY.

(2) GOVT HAS SHOWN INTEREST IN PURCHASE OF M-16 RIFLES FROM COLT AND M-60 MACHINE GUNS, AND IS BELIEVED TO BE NEGOTIATING FOR FIVE (5) OR SIX (6) PATROL BOATS OF UNSOPHISTICATED DESIGN FROM U.S. COMMERCIAL SOURCES, LAST AT APPROXIMATE COST OF \$300,000 EACH.

(3) GODR CURRENTLY INVOLVED IN PURCHASE OF ONE (1) TANKER AND THREE (3) ANL'S (NET TENDERS), ONE OF WHICH IS TO BE CONVERTED TO A BUOY TENDER AND TWO TO BE USED AS PATROL BOATS.

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BOATS.

(4) ANOTHER RELEVANT FACTOR IS THE POSSIBLE REQUIREMENT OF GODR TO PURCHASE CURRENTLY LEASED VESSELS CONSISTING OF:

- (A) ONE ATF (OCEAN TUG)
- (B) ONE ATA (COASTAL TUG)
- (C) TWO YO'S (HARBOR TANKER)
- (D) ONE HARBOR TUG.

4. CHMAAG CONCURS.

AXELROD

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NNN

## Message Attributes

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